15th of May 2012

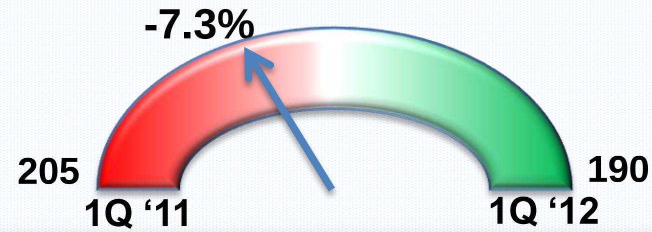
2012 – 1Q Results

1Q 2012– Key figures

EBITDA -7.3% (Adj. -2.0%)

Net of some non-recurrent elements reported in 1Q 2011, EBITDA would have been substantially stable (-2.0%): the increase in heat and electricity volumes almost offset the weakness in energy scenario. Stable regulated activities.

1Q ‘11 – 1Q ’12 EBITDA (€m)



EBIT -15.4% (Adj. -8.6%)

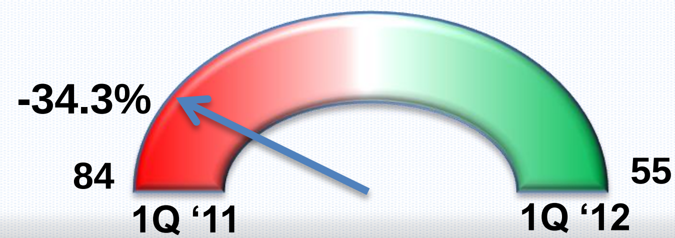
EBIT reflects the operating performance, together with a growth in D&A caused by the increase in invested capital.

1Q ‘11 – 1Q’12 EBIT (€m)

NET PROFIT -34.3%

Net profit is affected by the combined results of the EBIT performance, the increase in financial charges, and the new “Robin tax” formula.

1Q ‘11 – 1Q ’12 Net profit (€m)



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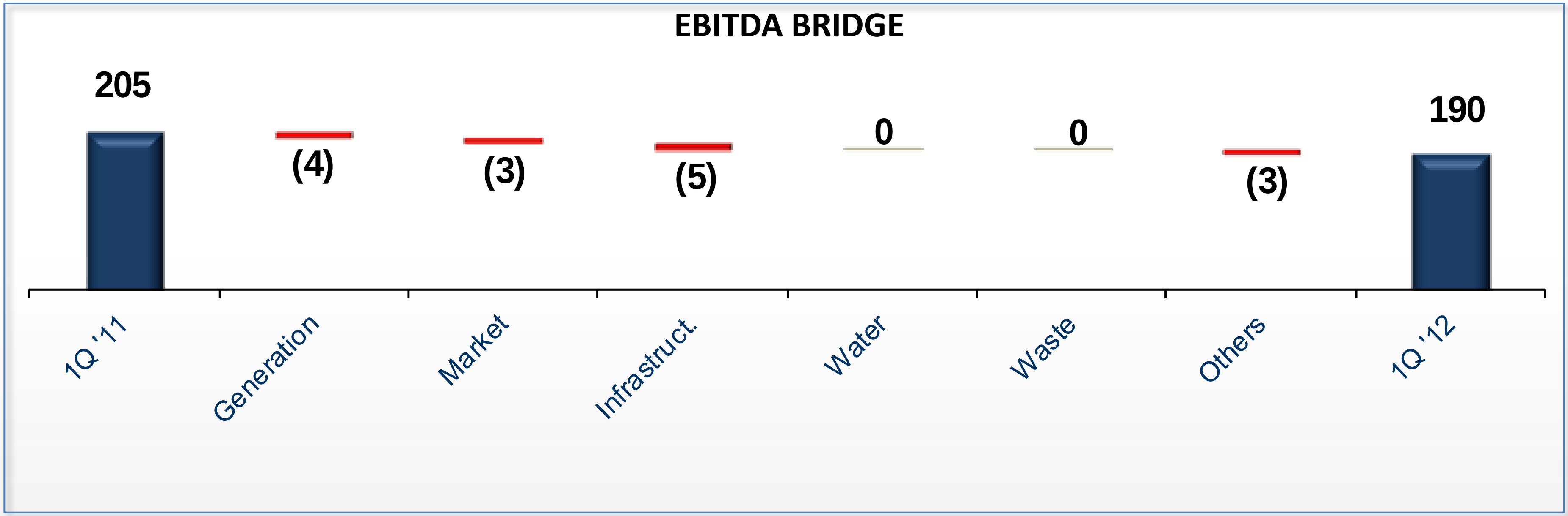
1Q 2012 – Higher revenues but lower profitability.

EURm	1Q '11	1Q '12	Δ	Δ %
REVENUES	973	1,317	*344.7*	*+35.4%*
EBITDA	205	190	*-14.9*	*-7.3%*
EBITDA adj.	194	190	*-4.0*	*-2,0%*
EBIT	148	125	*-22.8*	*-15.4%*
NET PROFIT	84	55	*-28.7*	*-34.3%*
CAPEX	108	60	*-48.3*	*-44.7%*
NFP	2,653*	2,893	*+239.9*	*+9.0%*

- **Revenues up by 35.4%:** The strong increase in revenues is mainly due to higher commodity prices and to higher heat and electricity volumes sold.
- **EBITDA Adj. -2.0%:** Net of the positive one-off reported in in 2011 (11€m), 1Q 2012 EBITDA would have been substantially stable.
- **EBIT down by 8.4%,** reflecting the operating performances together with the combined effects of a growth in D&A and provisions.
- **Net profit -34.3%.** The significant decrease in Net Profit follows the EBIT trend, worsened by higher financial charges and new Robin Tax Formula.
- **Investments** stood at 60 €m, a strong decrease (-44.7%) compared to 1Q 2011, in line with the cut in capex, planned in 2012 budget.
- **NFP +9%:** The increase in NFP is mainly caused by a variation in NWC due to higher revenues.

**As 31.12. 2011*

EBITDA BRIDGE: Gloomy scenario and one-offs.



- **EBITDA bridge - Key Elements:**
  - Higher electricity, gas and heat volumes, generated and sold didn't completely offset lower margins in thermoelectric production.
  - Decrease in infrastructures is completely attributable to energy networks, mainly because of the absence of the positive one-off reported in 2011 (equalisation/network losses).
  - The rest of regulated activities are substantially stable.

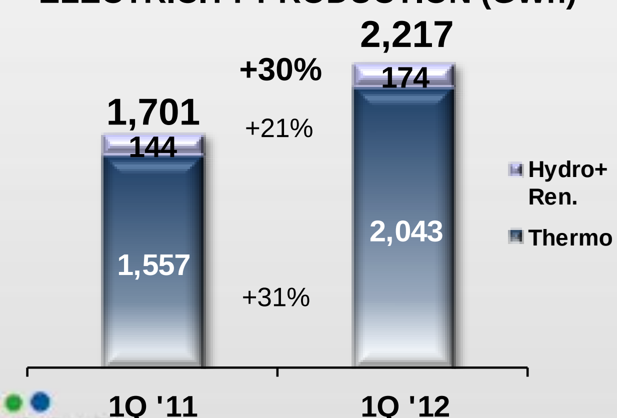
GENERATION OF ELECTR. AND HEAT: Higher volumes partially offset squeeze in margins in cogen.

1Q ’12 vs. 1Q ’11

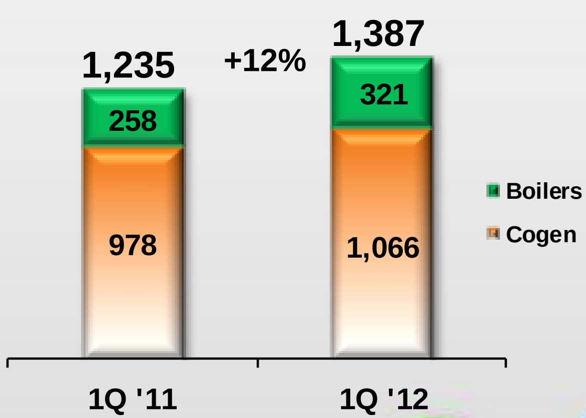
- **Higher volumes and profitability in Hydro.** IREN’s hydro production stood at 174 Gwh (+21% IREN vs -35% at national level) thanks also to the contribution of the full repowered Valle Orco plant.
- **Drop in electricity Cogen** due to lower spark-spread and lower profitability on MSD market.
- **Strong improvement in DH** thanks mainly to higher volumes, linked to Turin North’s coming on stream.

	1Q '11	1Q '12	Δ€m	Δ%
Revenues	230	325	95	41%
EBITDA	65	61	(4)	-6%
EBIT	49	42	(7)	-15%
CAPEX	32	5	(27)	-86%

ELECTRICITY PRODUCTION (GWh)



HEAT PRODUCTION (GWht)



MARKET: Improvement in gas sector didn't completely offset the performance in electricity market.

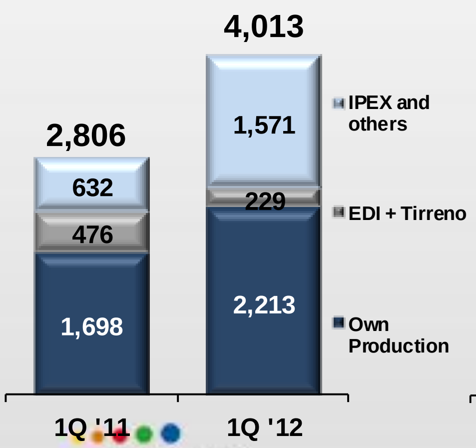
1Q '12 vs. 1Q '11

- **Gas and Heat Sales:** The growth in gas margins and volumes is due to an optimization of procurement and trading policy.
- **The decrease in electricity sales** is driven mainly by the squeeze in margins due to the rise of commodity prices and the negative impact of Edipower tolling.
- **Market expansion of the Company continues** thanks mainly to cross-selling activities: +2% in the electricity clients market in the 1Q 2012, compared to FY 2011.

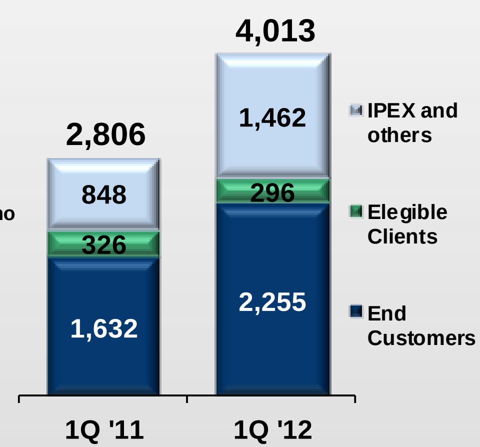
	1Q '11	1Q '12	Δ€m	Δ%
Revenues	**907**	**1,373**	**466**	**51%**
EBITDA	**34**	**31**	**(3)**	**-8%**
Electricity	*(1)*	*(8)*	*(7)*	*n.a.*
Gas & Heat	*35*	*39*	*4*	*11%*
EBIT	**31**	**25**	**(6)**	**-17%**
CAPEX	**1**	**2**	**1**	**n.a.**

ELECTRICITY PORTFOLIO (GWh)

Sources*

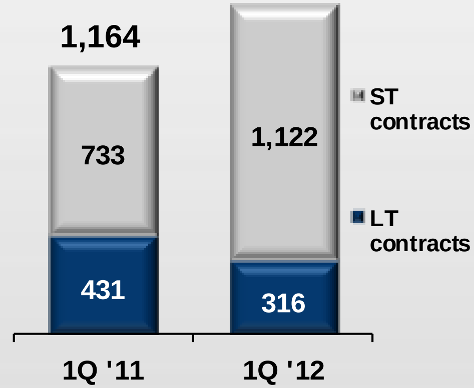


Uses*



GAS PORTFOLIO (MCM)

Sources



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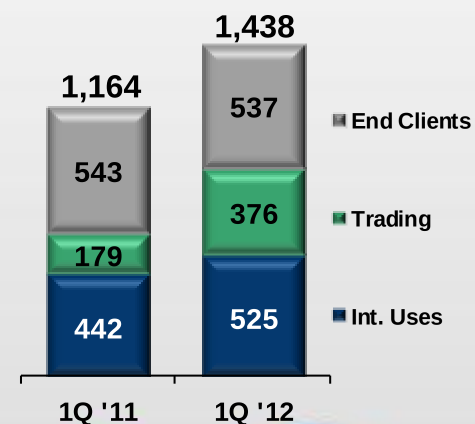


*net of "pass-through traded Ipex quantities"

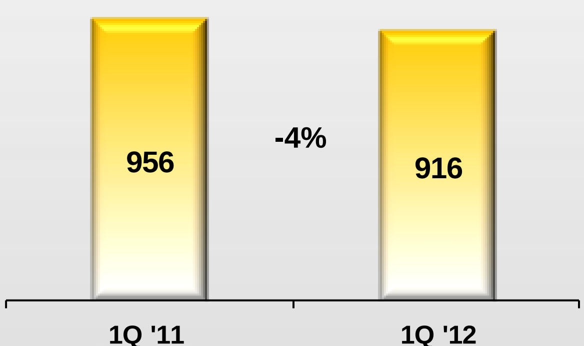
ENERGY INFR.: stable margins net of one-off in electricity networks.

1Q ’12 vs. 1Q ’11

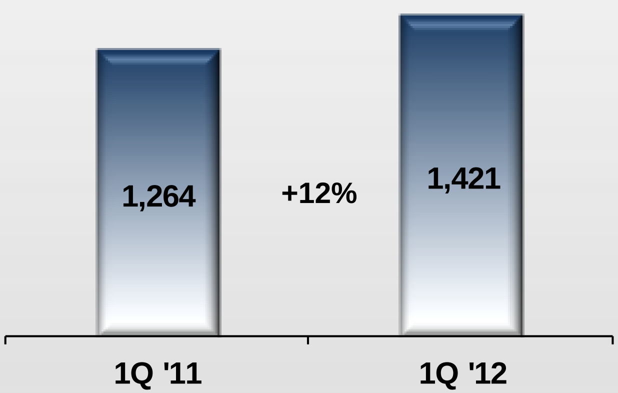
- **Gas networks:** Positive trend maintained thanks mainly to synergies.
- **Electricity networks:** the absence of 1Q 2011 positive one-off (4 m€) is the main driver of the 1Q 2012 performance.
- **DH Networks:** EBITDA up by 10% because of the development of the DH network (Turin North), which reached more than 72 mcm of heated volumes (+9% vs. 1Q 2011).

	1Q '11	1Q '12	Δ€m	Δ%
Revenues	**106**	**104**	**(2)**	**-2%**
EBITDA	**60**	**55**	**(5)**	**-9%**
Electricity	*25*	18	*(7)*	*-29%*
Gas	*24*	25	*1*	*3%*
Heat	*11*	12	*1*	*13%*
EBIT	**44**	**39**	**(5)**	**-12%**
CAPEX	**36**	**25**	**-11**	**-31%**

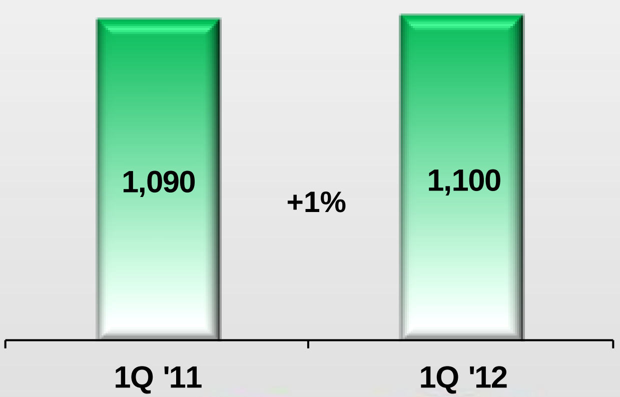
GAS DISTRIBUTED (MCM)



HEAT DISTRIBUTED (GWht)



ELECTRICITY DISTRIBUTED (GWh)



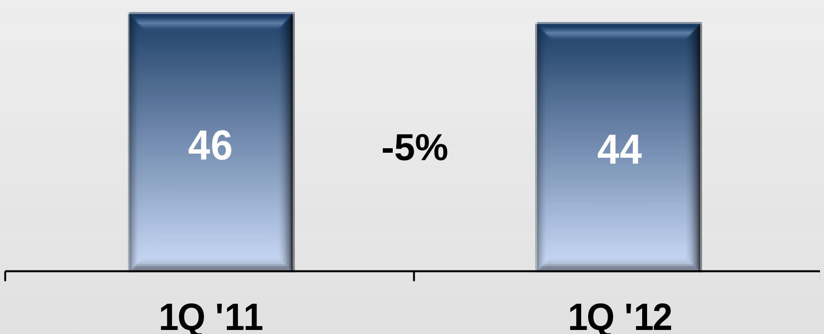
WATER: stable performance in spite of growth in electricity costs.

1Q ’12 vs. 1Q ’11

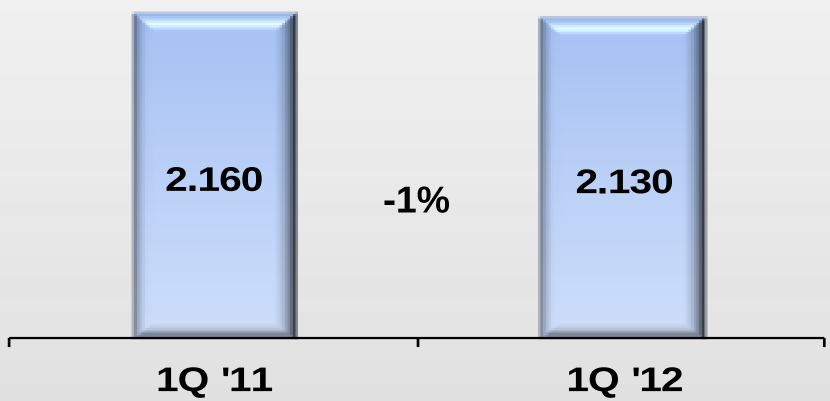
- **Revenues up by 4%** thanks to tariff increase in all the ATOs.
- **Ebitda substantially stable**. The tariff growth and synergies were offset by the negative impact of higher electricity costs for pumping.

	1Q '11	1Q '12	Δ€m	Δ%
Revenues	102	107	5	4%
EBITDA	31	31	0	-1%
EBIT	15	14	(1)	-12%
CAPEX	15	17	2	13%

WATER SOLD (MCM)*



INHABITANTS SERVED (‘000)*



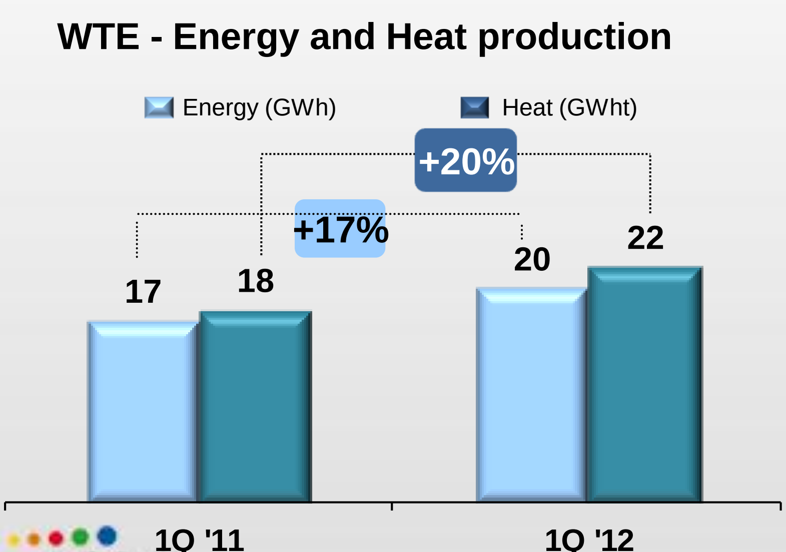
** Net of the change in SAP consolidation perimeter (1,5 mcm) volumes sold would have been substantially stable.*

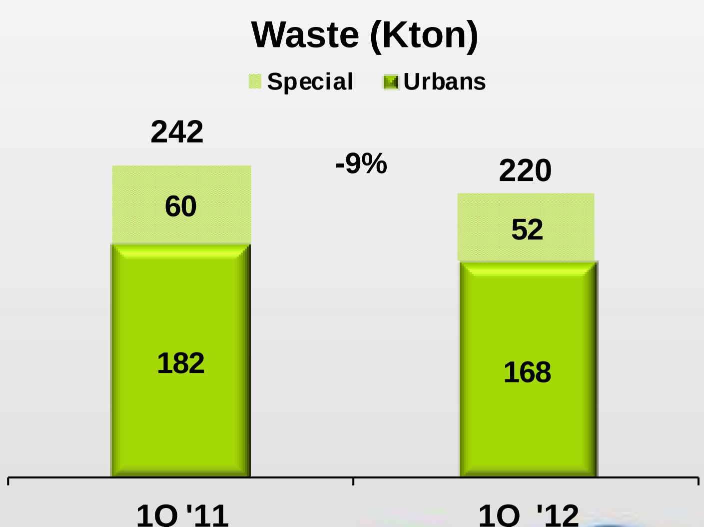
WASTE: maintaining good profitability in spite of decrease in volumes.

1Q ’12 vs. 1Q ’11

- **REVENUES up by 4%** thanks to higher electricity volumes sold and collateral services.
- **EBITDA down by 4%:** The slight decrease in EBITDA is mainly attributable to higher costs in sorted waste, which were not completely offset by higher electricity volumes sold.
- The door-to-door collection system is expanding, bringing the sorted waste percentage very close to 60%.

	1Q '11	1Q '12	Δ€m	Δ%
Revenues	53	55	2	4%
EBITDA	12	12	0	-4%
EBIT	6	5	(1)	-13%
CAPEX	21	9	-12	-58%



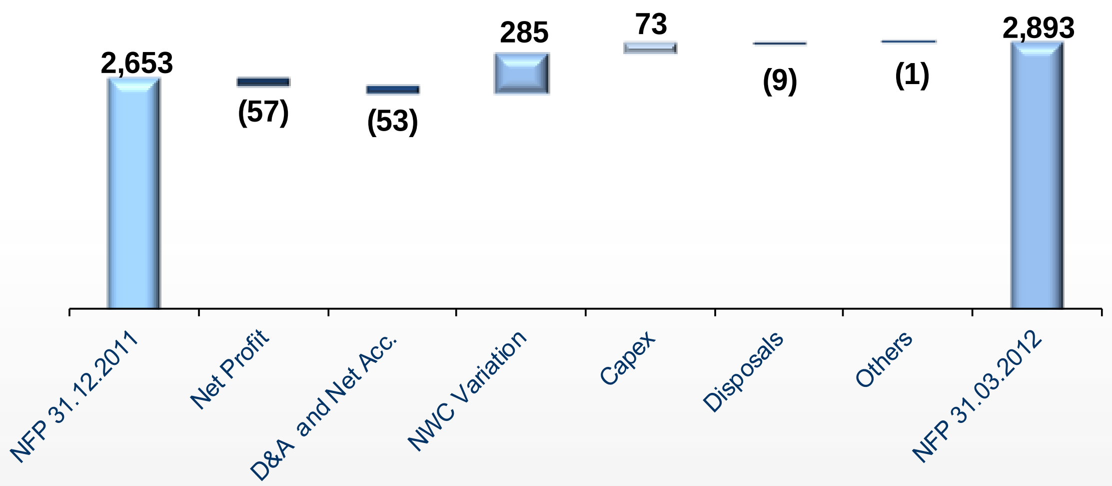


From EBIT to Net Profit

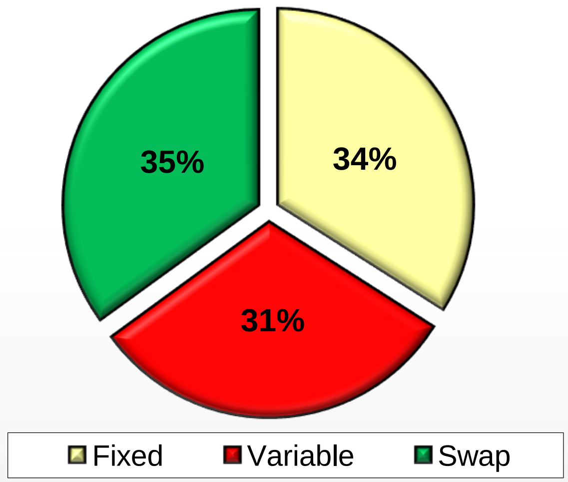
	1Q '11	1Q '12	Δ%
EBIT	147.5	124.7	-15.4%
Financial charges	*(14.6)*	*(24.9)*	
Companies consolidated with E.M.	*4.0*	*6.0*	
EBT	137.0	105.8	-22.7%
Taxes	*(51.8)*	*(49.7)*	
Net profit from ceased activities	*0.5*	*0.3*	
Minorities	*(2.0)*	*(1.5)*	
Group net profit	83.7	55.0	-34.3%

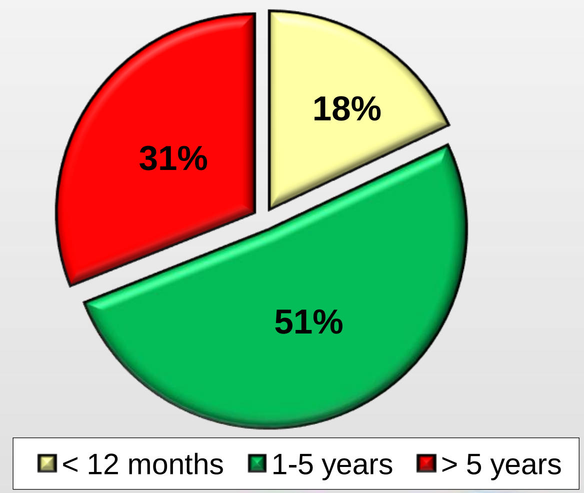
CASH-FLOW & DEBT STRUCTURE

NFP Bridge 31.03.2012



Interest rate* and Debt Structure**





- The NWC variation is mainly driven by the growth in revenues (volumes 35%, price 65%) and by the seasonal NWC trend.
- Average long-term debt duration of about 4.3 years.
  All the M/L Term debt expiring in 2012 has already been covered.
- 31% of net debt at variable interest rate.
- 1Q 2012 average cost of debt stood at 4.05%, vs. 3,36% reported in FY 2011.

(*)related to net financial position (**)related to LT Debt

Annexes

Market Scenario

- **In 1Q 2012 Brent average price** stood at 118.6 $/bbl, up by 13% compared to 1Q 2011.
- **USD/€ exchange rate** was 1.31, -4% YoY.

	1Q '11	1Q '12	Δ %
Brent USD / bbl	105.0	118.6	13%
USD / €	1.37	1.31	-4%
Brent € / bbl	76.7	90.5	18%

- **Gas demand fell by** 2%, mainly because of the drop in thermal usage -9,1%).
- **Gas purchase formula is still higher than the sale one,** impacting margins on gas.

	1Q '11	1Q '12	Δ %
Gas Demand (bcm)	28.1	27.4	-2%
Gas Release 2*, € / 000 scm	309	431	39%
CCI, €/ 000 mc	296	385	30%

- **Energy demand decreased by** 2% YoY. It remains far lower compared to the pre-crisis level (-4.3%)
- **The FY average pool-price** stood at 81.2€/MWh with a significant growth in the region of 13%. This growth, however, is lower compared to the average gas purchase formula for fuelling CCGTs

	1Q '11	1Q '12	Δ %
Energy demand (Twh)	84.7	83.0	-2%
PUN (€ /MWh)	66.5	81.2	22%
CO2 (€ /Ton.)	14.9	7.7	-48%
Green Cert. Hydro (€ /MWh)	84.0	81.1	-3%

Balance Sheet

€ m	31.03.2012	31.12.2011
Net fixed assets	4,657	4,653
Net Working Capital	573	288
Funds	(403)	(417)
Other assets and liabilities	(32)	(27)
Net invested Capital	4,795	4,497
Net Financial Position	2,893	2,653
Group shareholders' equity	1,902	1,844
Total Funds	4,795	4,497

DISCLAIMER

The Manager in charge of drawing up the corporate accounting documents and the Chief Financial Officer of IREN S.p.A., Mr. Massimo Levrino, hereby declares, pursuant to paragraph 2 of article 154 bis of the Consolidated Finance Act (Legislative Decree No 58/1998), that the accounting information contained in this presentation is consistent with the accounting documents, records and books.

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